



## **STRATABOUND TO ACQUIRE CALIFORNIA GOLD MINING INC. TO CREATE A COMBINED NORTH AMERICAN-FOCUSED GOLD EXPLORATION AND DEVELOPMENT COMPANY**

### **Highlights:**

- **Acquisition includes the advanced Fremont Gold Project located in the prolific California Mother Lode Gold Belt hosting an NI 43-101 mineral resource of 515,000 ounces and 364,000 ounces of gold in the Indicated and Inferred categories\* respectively;**
- **A well-capitalized pro forma Company created with the combined expertise to develop and finance this quality advanced-stage gold project to production in addition to a pipeline of early and mid-stage gold and copper exploration projects.**

TORONTO, April 21, 2021 – Stratabound Minerals Corp. (TSXV:SB) (“Stratabound”) and California Gold Mining Inc. (CSE:CGM) (“California Gold”) are pleased to announce that the companies have entered into a definitive arrangement agreement (the “Arrangement Agreement”), pursuant to which Stratabound has agreed to acquire all of the issued and outstanding shares of California Gold by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario) (the “Arrangement”).

California Gold shareholders will receive one (1.000) Stratabound common share (each, a “Stratabound Share”) for each California Gold share (each, a “California Gold Share”). The exchange ratio implies a consideration of \$0.223 per California Gold common share, based on the 20-day volume weighted average price (“VWAP”) of the Stratabound common shares on the TSX Venture Exchange (“TSXV”) for the period ending April 20, 2021. This represents a 104.8% premium to the 20-day VWAP of California Gold common shares on the Canadian Securities Exchange (“CSE”) and a premium of 72.7% based on the closing prices of both companies common shares on April 20, 2021. Pursuant to the Arrangement, Stratabound anticipates that it will issue approximately 65,108,269 shares to California Gold shareholders.

R. Kim Tyler, Stratabound’s President, Chief Executive Officer, and Director, stated:

“We are extremely pleased to welcome California Gold shareholders to our register and anxious to get to work advancing the Fremont Gold Project towards production. Fremont provides a tremendous opportunity to expand well beyond its current gold resources, is complimentary to our existing early-stage assets and a powerful catalyst of growth for both our shareholders. Our strong cash position, concentrated long-term investor base, and team in place will allow us to immediately unlock value on this mutually beneficial transaction.”

Larry Phillips, California Gold’s Interim President, Chief Executive Officer, and Director, commented:

“This is an attractive offer for California Gold Shareholders with the pro forma company being well-capitalized with a strong net cash position, shareholder base and team in place to advance

the flagship Fremont Gold project for the benefit of both Stratabound and California Gold shareholders.”

The transaction is to be carried out by way of a plan of arrangement and California Gold shareholders will be asked to vote on the transaction at a special meeting of shareholders (the “California Gold Meeting”) with closing expected to take place by July 2021. The Arrangement is subject to the approval of the Ontario Superior Court of Justice (*Commercial List*), approval by at least two-thirds of the votes cast by California Gold shareholders at the California Gold Meeting, and, if required, minority approval after excluding the votes cast by persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

The California Gold Meeting is currently expected to be held in June 2021. No shareholder vote is required by Stratabound shareholders.

In addition to the aforementioned approvals, completion of the Arrangement is subject to other customary conditions, including the receipt of all necessary regulatory and stock exchange approvals. The Arrangement is expected to close by July 2021.

The Arrangement Agreement contains customary terms and conditions which include a break fee payable to Stratabound in the event California Gold does not proceed.

The transaction has the full endorsement of both the Boards of California Gold and Stratabound. On December 8, 2020 California Gold announced that it had retained Red Cloud Securities Inc. to initiate a strategic process to explore, review and evaluate a broad range of potential alternatives focused on maximizing shareholder value, including a potential sale or merger of the company. The board of directors of California Gold formed a special committee (the “Special Committee”) to oversee the process and have evaluated the transaction with Stratabound in the context of that process. The Special Committee, following a review of the terms and conditions of the agreement with Stratabound and consideration of a number of factors, unanimously recommended that the California Gold Board approve the transaction. After receiving the recommendation of the Special Committee and advice from its advisors, including a fairness opinion, the California Gold Board has unanimously determined that the transaction is in the best interests of California Gold and will recommend that California Gold shareholders vote in favour of the transaction.

All directors of California Gold (representing approximately 16.4% of the currently outstanding California common shares) have entered into customary support agreements with Stratabound to vote their shares in favour of the transaction. In addition, Romspen Investment Corporation and R.W. Tomlinson Ltd. have consented to the transaction under their respective loan agreements with California Gold and have entered into customary support agreements with Stratabound to vote their shares (representing approximately 15.3% of the currently outstanding California common shares) in favour of the transaction.

### **Transaction Highlights:**

Benefits to Stratabound Shareholders:

- Immediate acquisition of NI 43-101 mineral resource of 515,000 ounces grading 1.71 g/t gold in the Indicated category, and an additional 364,000 ounces grading 1.44 g/t gold in

the Inferred category\* of an advanced gold project with excellent exploration upside plus development potential at an attractive valuation;

- Bulked-up capital markets profile in a larger entity with exposure to a more diverse group of institutional and retail investors; and
- Creation of a stronger asset and market profile platform to accelerate the company's stated goal of becoming a gold production company.

Benefits to California Gold Shareholders:

- Continued exposure to the Fremont Gold project with access to an experienced technical team that intend to take the project on as a flagship asset;
- Strengthened balance sheet with a meaningful cash position and greater access to capital in a larger pro forma entity; and
- Greater trading liquidity, providing exposure to a larger and more diverse group of institutional and retail investors.

If the Arrangement is completed, the California Gold Shares will be delisted from the CSE.

A copy of the Arrangement Agreement is available through California Gold's and Stratabound's filings with the securities regulatory authorities in Canada in SEDAR at [www.sedar.com](http://www.sedar.com).

None of the securities to be issued pursuant to the Arrangement Agreement have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and any securities issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Stratabound will file an updated early warning report in connection with entering into the Arrangement Agreement and the Support Agreements. A copy of the report will be available under California Gold's profile at [www.sedar.com](http://www.sedar.com), or by contacting R. Kim Tyler, the Chief Executive Officer of Stratabound at 1 (416) 915-4157.

## **ADVISORS**

Red Cloud Securities Inc. and INFOR Financial are acting as the financial advisors to California Gold in connection with the Arrangement. Norton Rose Fulbright Canada LLP is acting as legal counsel to California Gold and Dentons LLP is acting as legal counsel to Stratabound in connection with the Arrangement.

## **ABOUT STRATABOUND**

Stratabound Minerals Corp. is a well-funded Canadian exploration and development company focused on gold exploration at its flagship Golden Culvert Project, Yukon Territory and its new McIntyre Brook Project, New Brunswick, Canada. The Company also holds a significant land position that hosts three base metals deposits in the Bathurst base metals camp of New Brunswick featuring the Captain Copper-Cobalt-Gold Deposit that hosts an NI 43-101 Measured and Indicated Resource.

Mr. R. Kim Tyler, P.Geo., President and CEO of Stratabound, and a “Qualified Person” for the purpose of NI 43-101, has reviewed and approved the contents of this news release.

## **ABOUT CALIFORNIA GOLD**

California Gold Mining Inc.’s flagship Fremont gold project located in Mariposa County, California lies within California’s prolific Mother Lode Gold Belt. The Fremont Project hosts a NI 43-101 mineral resource of 515,000 ounces grading 1.71 g/t gold in the Indicated category, and an additional 364,000 ounces grading 1.44 g/t gold in the Inferred category, currently encompassing only the Pine Tree-Josephine zone, (\*TECHNICAL REPORT ON THE FREMONT PROJECT, MARIPOSA COUNTY, STATE OF CALIFORNIA, U.S.A., Roscoe Postle Associates Inc. (RPA), 2016). The Project hosts two historical underground gold mines across approximately one kilometre out of a total four kilometres of strike along the regional Mother Lode Shear Zone extending across and beyond the Property.

## **FORWARD-LOOKING INFORMATION**

Certain information contained in this news release constitutes forward-looking information. All information other than information of historical fact is forward-looking information. The use of any of the words “intend”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “would”, “believe”, “predict” and “potential” and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct, and such forward-looking information included in this news release should not be unduly relied upon.

The forward-looking information provided in this news release is based upon a number of material factors and assumptions including, without limitation: (a) that the Arrangement will be completed in the timelines and on the terms currently anticipated, if at all; (b) that all necessary CSE, TSXV, court and regulatory approvals will be obtained on the timelines and in the manner currently anticipated; (c) that all necessary California Gold shareholder approvals will be obtained; and (d) general assumptions respecting the business and operations of both Stratabound and California Gold, including that each business will continue to operate in a manner consistent with past practice and pursuant to certain industry and market conditions.

Forward-looking information is subject to a number of risks and other factors that could cause actual results and events to vary materially from that anticipated by such forward-looking information. In particular, the completion of the Arrangement is subject to a number of risks including, without limitation: (a) CSE, TSXV, court and regulatory approvals may not be obtained in the timelines or on the terms currently anticipated or at all; (b) necessary California Gold shareholder approvals may not be obtained; (c) the Arrangement is subject to a number of closing conditions and no assurance can be given that all such conditions will be met or will be met in the timelines required by the Arrangement Agreement; and (d) the business, operational and/or financial performance or achievements of Stratabound or California Gold may be materially different from that currently anticipated. In particular, the benefits anticipated in respect of the Arrangement are based on the current business, operational and financial position of each of Stratabound and California Gold, which are subject to a number of risks and uncertainties. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive.

The forward-looking information included in this news release is expressly qualified by this cautionary statement and is made as of the date of this news release. Neither Stratabound nor California Gold undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

***Neither the TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.***

#### **FURTHER INFORMATION**

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